

The Commonwealth of Massachusetts



Department of Revenue

Lowell Saltonstall Building,

100 Cambridge Street, Boston 02204

L. JOYCE HAMPERS
COMMISSIONER

December 30, 1982

Your mother, a New York resident, designated you as a beneficiary of her Individual Retirement Account ("IRA") from which you received a distribution of \$1,244.27 in 1981. The contributions to the IRA, which was in a New York bank, were not previously subjected to taxation in Massachusetts. You request a ruling as to whether this distribution is subject to Massachusetts income taxation.

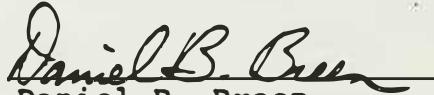
General Laws Chapter 62, Section 2(a) defines Massachusetts gross income as federal gross income with certain modifications. Section 2(a)(2)(F) provides that income from an IRA is deducted from Massachusetts gross income until the aggregate amount of such deducted income equals the aggregate of all amounts previously subjected to taxation under Chapter 62. Section 408(d) of the Internal Revenue Code provides that amounts paid out of an IRA are includible in the gross income of the distributee for the taxable year in which the distribution is received. For federal purposes the amount distributed is treated as ordinary income.

General Laws Chapter 62, Section 2(b)(1) defines Part A income as the total interest (other than interest from savings deposits in Massachusetts banks), dividends and net capital gain included in Massachusetts gross income. Part B income is the remainder of Massachusetts gross income. Part A income is taxable at the rate of 10%, Part B at 5%.

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Based on the foregoing it is ruled that the \$1,244.27 distribution you received as a beneficiary of your mother's IRA was includible in your Massachusetts Part B gross income for 1981. You should report the omitted income on an Amended Massachusetts Income Tax Return (Form 33) accompanied by any balance of tax due, with interest.

Very truly yours,

A handwritten signature in cursive script, reading "Daniel B. Breen", written over a horizontal line.

Daniel B. Breen
Acting Commissioner of Revenue

DBB:MTD:mf

LR 82-124